

ORIGINAL

# UNITED STATES FEDERAL COMMUNICATIONS COMMISSION

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In Re Applications of:	)	MM DOCKET No.: 99-153
	)	
READING BROADCASTING, INC.	)	File No.: BRCT-940407KF
For Renewal of License	)	
of Station WTVE (TV),	)	
Channel 51 at Reading,	)	
Pennsylvania	)	
and	)	
	)	
Adams Communications	)	File No.: BPCT-94063KG
Corporation	)	
For Construction Permit for a	)	
New Television Station	)	
to Operate on Channel 51,	)	
At Reading, Pennsylvania	)	

Volume: 10  
Pages: 751 through 929  
Place: Washington, D.C.  
Date: January 11, 2000

JAN 28 4 22 PM '00  
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## HERITAGE REPORTING CORPORATION

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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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CORPORATION	)	
For Construction Permit for a	)	
New Television Station	)	
to Operate on Channel 51	)	
at Reading, Pennsylvania	)	

Courtroom TWA-363  
The Portals  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

Tuesday,  
January 11, 2000

The parties met, pursuant to the notice of the  
Judge, at 9:34 a.m.

BEFORE: HONORABLE RICHARD L. SIPPEL  
Administrative Law Judge

APPEARANCES:

On behalf of Reading Broadcasting, Inc.:

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I N D E X

VOIR

<u>WITNESSES:</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>	<u>DIRE</u>
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MICHEAL PARKER

Examination by Judge:	755	876	911
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Hearing Began:	9:34 a.m.	Hearing Ended:	4:44 p.m.
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Recess Began:	11:45 a.m.	Recess Ended:	1:00 p.m.
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E X H I B I T S

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Reading Broadcasting,

Inc.:

No. 15

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No. 16

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No. 17

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Adams Communication

Corporation:

No. 39

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879

No. 40

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No. 21

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No. 41

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No. 42

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P R O C E E D I N G S

(9:34 a.m.)

JUDGE SIPPEL: Okay. We are on the record.

Mr. Bechtel, you were going to start this morning with a line of questions cross-examination, I had asked you to conduct?

MR. BECHTEL: Thank you, sir.

JUDGE SIPPEL: Does anybody have anything preliminary to say before we go? All right. Your witness. You are still under oath. You understand that?

THE WITNESS: Yes, Your Honor.

Whereupon,

MICHEAL PARKER,

having been previously duly sworn, was recalled as a witness and was examined and testified further as follows:

MR. BECHTEL: In order to be thorough on the framework, I am going to give to the witness, the reporter, and counsel a document, one page, entitled Members of the Board of the Directors of Reading Broadcasting, Inc., commencing with October 30, 1991 Stockholders Meeting. That is to be marked for identification as -- I believe my next number is Adams 39.

JUDGE SIPPEL: Well, I think since we actually physically removed documents 33 through 38 from the record, although they are adequately identified, I am going to -- I

1 want to go back -- I want to use consecutive numbers as far  
2 as exhibits go that are in the record. So I would prefer,  
3 unless somebody has an argument or position arguing  
4 otherwise, I want to use this next, whatever the next  
5 exhibit is, as 33.

6 MR. BECHTEL: Well, this one does create a  
7 preliminary matter with me. It is a procedure I'm not  
8 really familiar with. I gather you are acting in the nature  
9 of expunging the documents from the record, rejecting them.  
10 And my question is, how do I have a basis to raise this as  
11 the case goes up in the field if they are not physically --

12 JUDGE SIPPEL: In the record, in the record.  
13 All right. Well, I don't have a complete answer for you on  
14 that. That is why I prefaced my remarks by saying -- and I  
15 thought we had spent some time yesterday in having a pretty  
16 good description in the record in terms of what the  
17 documents are that had been rejected, the financial reports  
18 for very specific years, and an employment report for a  
19 specific year. If going up there is a question to be raised  
20 about that, it would seem that any reviewer would already  
21 understand that.

22 My -- the reason I am handling it this way is  
23 because, first of all, we are dealing with -- we are not  
24 dealing with just one document. We are dealing with several  
25 documents. I don't want to confuse the record by having in

1 exhibit a number of documents in there, and as Mr. Hutton  
2 pointed out, that there be -- this is information that the  
3 company would rather not see on the public record.

4 I know that there is no privilege. And if there  
5 is a need to put it on the public record, I have no problem  
6 putting it on the public record. But, I mean, you can raise  
7 a good point.

8 Do you want to respond to this, Mr. Hutton?

9 MR. HUTTON: Sure. My sense from yesterday was  
10 that you had given Mr. Bechtel an opportunity to identify  
11 the specific line item expenditures that he thought might be  
12 relevant. And that colloquy should be enough of a basis for  
13 him to raise the point on appeal.

14 JUDGE SIPPEL: Mr. Shook.

15 MR. SHOOK: I have nothing to add.

16 JUDGE SIPPEL: Pardon?

17 MR. SHOOK: I have nothing to add.

18 JUDGE SIPPEL: Well, I view it as a discretionary  
19 call on my part. And I don't see -- I just don't -- you  
20 know, I say I -- as a litigator representing Adams' interest  
21 in this case, I perfectly understand the position that you  
22 are taking on this.

23 But I just think -- I think that my approach is a  
24 better approach for all the reasons stated. And I think --  
25 I feel confident that there has been certainly a sufficient



1 record made. Anybody reviewing this case is going to know  
2 what I rejected and why I rejected it. If I am wrong, so be  
3 it. But they are going to know that.

4 MR. BECHTEL: Well, that is not my issue. My  
5 issue is how to prove what you rejected. There is, of  
6 course, available to me, I suppose, a piece of paper filed  
7 for the record which says that these are the documents that  
8 I tendered. And I can file that at any time. But if it is  
9 not in this record, then someone could say down the road,  
10 well, that is not really the thing that you had in your  
11 courtroom.

12 And perhaps if I contemporaneously, with these  
13 events, file that paper and ask counsel to indicate if they  
14 disagree that this was proffered and rejected as another way  
15 of getting the piece of paper somewhere that I can then sign  
16 on, and if that is the closest step to me, then I will just  
17 have to deal with it. And I thank you for your time.

18 JUDGE SIPPEL: Well, I think again -- I don't want  
19 to belabor the point certainly, and I wanted to be sure that  
20 I had given it full consideration because what I am doing is  
21 the -- somewhat out of the ordinary. It is just the nature  
22 of the documents, the nature of the information. Since you  
23 are not going to use it, I just don't like to just put  
24 things on the record for the sake of putting them on if we  
25 don't need them.

1 I am going to stick with my rule. But I will do  
2 this. I said that the record remains clear. We'll use the  
3 next -- we'll use this as Exhibit 39 for identification.

4 (The document referred to was  
5 marked for identification as  
6 Adams Exhibit No. 39.)

7 JUDGE SIPPEL: I'm not trying to hide something by  
8 changing the numbers around.

9 MR. BECHTEL: Okay.

10 JUDGE SIPPEL: So if you get the identity, let's  
11 get that on the record then as your 39 for identification.  
12 And what is this entitled?

13 MR. BECHTEL: Members of Board of Directors of  
14 Reading Broadcasting, Inc., commencing with October 30,  
15 1991, Shareholders Meetings.

16 JUDGE SIPPEL: It is a one-page document. The  
17 reporter marked that as Exhibit 39 for identification.

18 CROSS-EXAMINATION

19 BY MR. BECHTEL:

20 Q My effort here, sir, is to simplify my  
21 cross-examination by setting forth my understanding of the  
22 slate of directors that was elected on October 30, 1991, and  
23 then follow that on through the various and sundry ownership  
24 reports, et cetera, that were made during the entire period  
25 of time since then, which was the subject of my

1 cross-examination. And if I haven't got this right, for  
2 sure, someone can tell me.

3 You'll note that the five directors, Messrs.  
4 Parker, McCracken, Rose, Clymer, and Cohen, consistently  
5 occupied that position, as Mr. Parker and I discussed in a  
6 colloquy yesterday, all the way down to 1998. And then in  
7 1999, Messrs. Clymer and Cohen went off the board.

8 We also know -- and I believe there may have been  
9 some testimony on this yesterday -- that commencing in 1994,  
10 the board went from five members to seven, with the addition  
11 of Messrs. Busby and Rogow. And that continued for several  
12 years. And then finally, there is a couple of new gentlemen  
13 in 1999.

14 That having been said, yesterday Mr. Parker  
15 testified concerning the circumstances under which he  
16 learned and then nominated Messrs. McCracken, Rose, Clymer,  
17 and Cohen. I can't remember if there was any such testimony  
18 on Mr. Busby. But just to cover that, would you state, sir,  
19 the circumstances under which you met Mr. Busby.

20 A Mr. Busby was an investor in STV Reading, Inc. He  
21 has now retired, and I think was in the insurance business,  
22 expressed a desire to become more involved in a TV station,  
23 and was interested in having a place on the board of  
24 directors, and frankly represents a whole group of -- a  
25 circle of friends that were involved in STV Reading, Inc.,

1 and was elected to the board of directors.

2 Q The same question with regard to Mr. Rogow, the  
3 circumstances of --

4 A Well, the board expressed to me a desire to have  
5 someone else other than myself that had been involved more  
6 in the broadcast industry on the board. Mr. Rogow has had a  
7 number of projects that he was involved in, was involved in  
8 one project with me, and is a well-known broadcaster. And  
9 he accepted a position on the board of directors as an  
10 outside director. He was not a shareholder in Reading  
11 Broadcast.

12 Q And then down at the bottom, Mr. Linton -- we have  
13 had some testimony about Mr. Linton -- at this point in  
14 time, had the various and sundry litigations where  
15 Mr. Linton may have represented people on other sides of  
16 issues that -- had all those been pointed out?

17 A I believe so. And Mr. Linton and I -- I want you  
18 to be very clear -- are also business partners. And so we  
19 have had a business relationship and an adversarial  
20 relationship at various times over this entire period.

21 Mr. Linton now is a director and also our  
22 corporate legal counsel. Mr. Gerber has also -- and both  
23 Mr. Linton and Mr. Gerber were initial shareholders in  
24 Reading Broadcasting, at least for as long as I have been  
25 associated with them.

1           Q     One of your joint business relationships with  
2     Mr. Linton, is that the ownership of the transmitter tower?

3           A     That is correct.

4           MR. BECHTEL:  Also to present the framework, I am  
5     going to distribute and ask that this be marked for  
6     identification as Adams Exhibit 40, a document entitled  
7     Corporate Officers of Reading Broadcasting, Inc. commencing  
8     with October 30, 1991 Board Meeting.

9                                 (The document referred to was  
10                                marked for identification as  
11                                Adams Exhibit No. 40.)

12           JUDGE SIPPEL:  That document has been marked by  
13     the reporter as Adams Exhibit 40 for identification.

14           BY MR. BECHTEL:

15           Q     Now with regard to this document, you might help  
16     me with the initial board meeting of October 30, 1991, after  
17     this board was elected.  It was unclear to me if you had  
18     been appointed or elected treasurer at that meeting.

19           A     I believe we -- one of the previous exhibits  
20     indicated that we hadn't reported I was treasurer.  But I  
21     have to go back and look and see if that -- was that the  
22     time frame or not.

23           Q     Are you talking about your Exhibit 14, the  
24     corrections that came in yesterday morning?

25           A     Yes.  I'm not sure it is 14.  I don't have it

1 right immediately in front of me.

2 JUDGE SIPPEL: Whose 14, Adams 14 or --

3 MR. SHOOK: Reading 14.

4 THE WITNESS: Reading 14. Yeah. In November 19,  
5 1991, we admitted the treasurer position, and I was elected  
6 president and treasurer.

7 BY MR. BECHTEL:

8 Q And I did have that in my next line. I had taken  
9 that from the 315 and from the Reading Exhibit 14. But in  
10 any event, those two dates were so close.

11 A You have a date here, April 1999, the third one  
12 down. I don't believe that is an accurate date.

13 Q I think that should be April 1992. Thank you,  
14 sir.

15 A I'm sorry, guys. Can you hear me?

16 JUDGE SIPPEL: Which date was that?

17 THE WITNESS: The third one down. It says April  
18 16, 1999. It should be 1992.

19 JUDGE SIPPEL: Make those changes on the  
20 reporter's copy as well.

21 BY MR. BECHTEL:

22 Q Now the gentleman who was elected secretary at the  
23 outset and held that position until 1994 is Mr. Mercer. Who  
24 is Mr. Mercer?

25 A Mr. Mercer was our corporate bankruptcy counsel.

1           Q     And then for a period of -- it looks like four  
2     years -- Mr. Matt Miller occupied the position of secretary  
3     and treasurer.

4                     Mr. Matt Miller has testified there that there was  
5     a -- that he was a long-time colleague of yours?

6           A     Oh, I would say that that is the case. He also  
7     for a brief period between reports was president of the  
8     company.

9           Q     What period was that? Do you remember?

10          A     I don't recall exactly. It was the last time I  
11     got fired, so I would have to -- I would think it would be  
12     in 1997, somewhere in there.

13          Q     And then staying with the secretary/treasurer  
14     column for the moment, in 1999, Barbara Williamson became  
15     secretary. Identify her, please.

16          A     Barbara Williamson has been with -- was with  
17     Reading Broadcasting before I got there. She is currently  
18     the office manager and in charge of our accounting and  
19     basically has been a long-time employee of Reading  
20     Broadcasting.

21          Q     At the same time, Judge Rose, who I believe was  
22     also a director, became treasurer; is that correct?

23          A     That is correct.

24          Q     Now going to the final column over in the  
25     right-hand side, other offices, if you go through 1994,

1       there is a Ms. Hendrickson. Identify her, please.

2           A       Ms. Hendrickson was an employee for a number of  
3       years with Partel, Inc., and was assigned and worked for  
4       Reading Broadcasting. It was a lot of her -- for a long  
5       time, it was probably her primary work with Partel, and was  
6       elected by the directors as vice president because of a lot  
7       of the work she was involved in.

8           Q       I believe you have indicated to me that  
9       Ms. Hendrickson was with Partel, Inc., both from day one.

10          A       What, from the beginning of Partel?

11          Q       Yes.

12          A       Yes. That is correct.

13          Q       And Rev. McCracken we have -- you identified  
14       knowing him and so on. When he became executive vice  
15       president, did he become an employee of the company?

16          A       I would have to go back and check that. I  
17       don't -- he may have become a part-time employee. But I  
18       don't think he was full-time in 1995.

19          Q       And then there is a reference to Mr. Long as the  
20       CFO of Enterprise.

21          A       Nelson Long was originally our chief accountant  
22       with Beard and Company. And he left Beard and Company, and  
23       I think he went with the Singer Company. And at that time,  
24       we employed him on a part-time basis as financial advisor, I  
25       suppose would be the best description of it.



1           He left Singer and decided to go into, if you  
2           will, a private practice. And we hired him on a part-time  
3           basis and provided him office space at Reading. And he  
4           became chief financial officer for a period of time and is  
5           still a shareholder in the company.

6           Q     Describe the circumstances under which for a brief  
7           period of time Mr. Matt Miller became president of the  
8           company.

9           A     The directors of the company were dissatisfied  
10          with my performance and removed me as president and elevated  
11          Mr. Matt Miller to the position of president.

12          Q     In what respect were they dissatisfied with your  
13          performance?

14          A     I got married. They were upset that I moved from  
15          Reading to the West Coast and wasn't spending enough time  
16          with the company.

17          Q     And how was that matter resolved?

18          A     We reorganized the company, altered some of my  
19          duties, and they were satisfied, at least the majority were,  
20          and put me back as president of the company. And we have  
21          continued on from there.

22          Q     In a formal vote by the board of directors  
23          removing you as president?

24          A     I believe so.

25          Q     Was it unanimous?

1           A     No. I flew all the way from Nesna (phonetic)  
2     Norway to Philadelphia to attend the meeting. Attended the  
3     meeting and flew back to London. I can assure you there was  
4     one vote against it.

5           Q     Who were the directors that voted for removal of  
6     you as president, if you remember?

7           A     I don't recall. I would have to go back and  
8     review the minutes.

9           Q     Do you recall the directors who voted in favor of  
10    retaining you as president?

11          A     No, I really don't. Like I say, I have to go back  
12    and look at the minutes. I'll be glad to do that if you  
13    want me to take the time for it.

14          Q     Yes. I would like to take the time.

15          A     Do you have the minutes for that time period here?

16               MR. HUTTON: We never had the minutes for the  
17    post-license period.

18               THE WITNESS: How do I handle this?

19               MR. BECHTEL: Are the minutes in Washington?

20               MR. HUTTON: No.

21               MR. BECHTEL: Are they near a fax machine  
22    anywhere?

23               MR. HUTTON: I don't know.

24               JUDGE SIPPEL: What year did this occur?

25               THE WITNESS: 1997.

1           MR. BECHTEL: I think it is important if we are  
2 getting into de facto control, and this is obviously an  
3 example of -- it is relevant to that issue.

4           MR. HUTTON: Well, it is outside the time period.  
5 It is outside the renewal period.

6           MR. BECHTEL: Well, I understand that. But  
7 yesterday, when we got into the de facto control business,  
8 we were talking about stockholders as of 1999. Plus the  
9 fact that if there is de facto control -- I make a request,  
10 sir, that we be produced a copy the minutes and I'll proceed  
11 with my questions.

12          JUDGE SIPPEL: All right.

13          MR. BECHTEL: May I inquire if that request will  
14 be honored?

15          MR. HUTTON: I'm not planning to unless ordered.  
16 I'm not planning to unless ordered.

17          JUDGE SIPPEL: Well, how long would it take to get  
18 these minutes?

19          MR. HUTTON: I don't know. I don't know --

20          JUDGE SIPPEL: You wouldn't know where to begin to  
21 look?

22          MR. HUTTON: Well, I can make some phone calls to  
23 find out where they are. But it seems --

24          JUDGE SIPPEL: You don't have a set in your  
25 office?

1           MR. HUTTON: No. We have never had anything  
2 post-license term. And I just think this is a fishing  
3 expedition.

4           JUDGE SIPPEL: I am going to take counsel's  
5 representation at his word. I think this particular issue,  
6 this fact issue is -- that you are focused on here is just  
7 too remote in time. And I think we can perhaps make some  
8 presumptions. I'm not going to order him to go, to take the  
9 time to look for dead minutes. They are not under his  
10 direct control, so the request is denied.

11           BY MR. BECHTEL:

12           Q     In your testimony yesterday, sir, you indicated  
13 that on two occasions you had been outvoted. Do you recall  
14 that testimony?

15           A     Yes.

16           Q     What were those two occasions?

17           A     Well, this one in 1997. And previous to that, the  
18 September of -- we talked about it. It was '91, '92,  
19 September -- as we were ready to come out of bankruptcy.  
20 That I can find for you. Hang on just a minute. The  
21 September of 1991.

22           Q     And the second one --

23           A     I don't -- again, I need to be very clear that I  
24 have served continuously as an officer and director of  
25 Reading since the day that I was first elected. What we are

1 talking about is the office of the presidency.

2 And I think I have been in and out of that office  
3 three or four times, two very dramatic, but a couple of  
4 other times earlier on as well. So I don't want to -- and I  
5 could be off by one or two, so --

6 Q The original Partel agreement, that is the one  
7 that was executed back in '89, '90, '91, that time frame --

8 A Yes.

9 Q -- as I recall, had a provision that was what I  
10 would call kind of a Mexican standoff on taking  
11 expenditures. You appear to have a right to approve  
12 expenditures. On the other hand, the corporation has a  
13 right with regard to expenditures.

14 And in any event, you retained some control over  
15 that and they retained some control over that. Am I  
16 remembering that correctly?

17 MR. HUTTON: I am going to object to the form of  
18 the question. I think it is impossible to answer it as it  
19 was asked, and I think there is a lack of foundation. I  
20 think it may be helpful if he wants to refer to the  
21 document, to do so rather than to characterize it in his own  
22 mind and then ask the witness to confirm that  
23 characterization.

24 JUDGE SIPPEL: Sustained.

25 BY MR. BECHTEL:

1 Q Do you have a problem with that?

2 A No. I just got instructions not to answer it.

3 MR. BECHTEL: Well, in order to save time, while I  
4 am looking for the language in the agreement, why don't you  
5 look for it before I find it.

6 (Simultaneous discussion.)

7 MR. HUTTON: It is Adams' Exhibit 19. Excuse me.  
8 That's the first draft. I don't know if that is what he is  
9 referring to.

10 JUDGE SIPPEL: Which exhibit are you referring to,  
11 Mr. Bechtel?

12 MR. BECHTEL: Adams Exhibit 19.

13 JUDGE SIPPEL: Okay. Thank you.

14 MR. BECHTEL: And I found the location, page 4.

15 JUDGE SIPPEL: Page 4.

16 BY MR. BECHTEL:

17 Q The last phrase, just before the commencement of  
18 paragraph 4, which says, "Provided, however, Reading shall  
19 not write checks without Parker's prior approval." Have you  
20 found that provision?

21 A Yes.

22 Q Now somewhere along the line, the bankruptcy  
23 proceeding and the order of the court approving the plan,  
24 the organization, so on and so forth, did there come a point  
25 in time when this provision was no longer operable between

1 Partel, Inc. and Reading Broadcasting, Inc.?

2 A Well, when you said it is no longer operable, the  
3 reality is it was never implemented. I have only once in  
4 the entire period of time covered by the contract ever  
5 threatened to use that provision, and in fact ended up not  
6 using it.

7 And that specifically dealt with \$9,000 being  
8 withdrawn from the corporation's account when I believed  
9 that people doing so did not have legal authority to do it.  
10 In the settlement agreement, which was entered in the  
11 record, in the end we allowed them to keep the \$9,000.

12 So what I guess I am saying is that this provision  
13 has never been used.

14 Q In the course of the bankruptcy proceeding, did  
15 there come a point in time when the court had no review  
16 authority over expenses of Reading Broadcasting, Inc.?

17 A When the court had no authority over it? Yes, at  
18 the final -- I suppose the current case will be over in  
19 about 30 years because of the long-term debt of the Meridian  
20 Bank.

21 But the court ceased to exercise the kind of  
22 day-to-day authority over the operations once the final plan  
23 was -- and there is a term of art for it, and I want to make  
24 -- I'm not sure what the right word for that is because  
25 there are different -- at the conclusion of a plan, when it

1 was finalized, and I believe the -- I believe you stop  
2 making reports to the U.S. trustee when the administrative  
3 creditors are paid off. But I'm not sure of the exact date  
4 of that. But yes.

5 Q Would that have been before or after October 30,  
6 1991?

7 A October 30, 19 -- oh, after that, long after that.

8 Q Well, commencing with October 30, 1991 -- and I am  
9 using this as the start date only because this is the  
10 commencement of the board of directors elected on  
11 October 30, 1991 -- who had authority to sign the checks for  
12 Reading Broadcasting?

13 A That has varied over the course of the years. At  
14 various times we have had a provision where directors, at  
15 least two directors, had to sign. They soon found that very  
16 onerous and turned it over to employees of the corporation.  
17 The one thing I can say is I have never signed a check for  
18 Reading Broadcasting.

19 Q The only period of time when the directors signed  
20 checks, was that before or after October 30, 1991?

21 A I read it somewhere in the minutes here yesterday.  
22 But I don't recall specifically, I can tell you that.

23 Q One of the employees of the corporation who was  
24 authorized as signing checks from time to time was  
25 Mr. Maffmiller. Is that correct?



1 A That is correct.

2 Q How about Ms. Hendrickson?

3 A I'm not positive of that. I don't believe so, but  
4 I could be incorrect.

5 Q How about Christina Wygatt?

6 A Chris --

7 Q Christine -- Christina Wygatt or Wygatt?

8 A That is a possibility.

9 Q Who is she?

10 A She has been an employee of Reading Broadcasting,  
11 again prior to the time that I came there, and is currently  
12 our traffic manager.

13 Q Does the person who occupies the position of  
14 treasurer here automatically have authority to sign the  
15 checks?

16 A If they wanted to. But that doesn't mean they  
17 went down and signed the signature cards and never did,  
18 okay, again, with the exception of myself. I have always  
19 had a firm policy of not signing checks.

20 Q It is true, is it not, that during the period from  
21 October 30, 1991 on, presumably with the exception of your  
22 leave of absence, that checks were signed by staff operating  
23 under your broad supervision?

24 A I think that is a fair statement, yes.

25 Q And it is true, is it not, that you have no

1 awareness of any incident in which any staff person signed a  
2 check that was contrary to the conduct of the company  
3 business under your general supervision and direction?

4 A Can you say the question again, because I want to  
5 make sure I understand it.

6 Q It is true, is it not, that you are unaware --  
7 strike that.

8 Are you aware of any instance in which  
9 Mr. Maffmiller, Ms. Wygatt, or other duly authorized staff  
10 person signed a check that was contrary, at odds with, the  
11 conduct of the business of the corporation under your  
12 general supervision and authority?

13 MR. HUTTON: I am going to object to the form,  
14 simply because it doesn't specify a time frame.

15 JUDGE SIPPEL: Sustained.

16 MR. BECHTEL: I'm sorry, my hearing is getting in  
17 the way. Was that sustained?

18 JUDGE SIPPEL: Yes.

19 BY MR. BECHTEL:

20 Q Did anyone in the company other than yourself  
21 control the disbursal of company funds?

22 A Yes.

23 Q Who?

24 A First of all, virtually all the day-to-day  
25 operations are controlled by, at various times, either

1 George Maffmiller or Frank McCracken. And they were in most  
2 cases in charge of those approval processes.

3 Obviously, I had general oversight of their  
4 responsibilities. But likewise, the board of directors had  
5 responsibility in those areas. That is, well, where it  
6 would be true that no checks had been written under my broad  
7 authority, if you will, none were written under the board's  
8 broad authority either. Both would be true.

9 I'm not aware of a single instance where -- other  
10 than the one instance that I talked about, the \$9,000  
11 check -- where a check has been written against either board  
12 policy or my own policy.

13 And as in any corporation, obviously, you go back  
14 and do audits. And we have made corrections on expenses.  
15 We have made corrections on -- I had an employee who was  
16 making 900 number phone calls to the Psychic Hotline, and we  
17 charged that back and so on.

18 But in terms of the overall authority of  
19 individuals, it runs like any other corporation does.

20 Q Are you aware of any instance in which any staff  
21 person of the station issued a check that was contrary to  
22 your wishes to issue that check?

23 MR. HUTTON: Objection again to the form. It  
24 doesn't specify a time frame.

25 JUDGE SIPPEL: I'll allow that question. I

1       overrule the objection.

2               THE WITNESS: Not to my knowledge, no.

3               BY MR. BECHTEL:

4               Q     Are you aware of any situation where the board of  
5       directors directed the issuance of a check that was contrary  
6       to your wishes about the issuance of that check?

7               A     No, other than, again, that one time when -- I'm  
8       not aware of any other instance, no.

9               Q     And to put that time to rest, that occurred on or  
10      about the very commencement of this time period we are  
11      talking about, that is to say October 30, 1991?

12              A     That is correct.

13              Q     Commencing with the date of December 30, 1991,  
14      would you describe, if you can, the frequency of meetings of  
15      the board of directors.

16              A     I would have to say that varied from time period  
17      to time period. I don't think there is a -- sometimes more  
18      often than others.

19              Q     I don't know if this is a good place for us to  
20      move the minutes here furnished to us in discovery. And I  
21      am referring to Adams Exhibit 15. I might now.

22                    Following October 30, 1991, there was a meeting of  
23      the board on December 30, 1991. That is at page 77. That's  
24      one right after this. Then in the year 1992, I have three,  
25      February 4, 1992, the annual meeting. That is on page 85 of

1 Adams Exhibit 15. Another one on June 1, 1992, on page 89.  
2 And the third one on August 7, 1992, at page 94.

3 We have no minutes for the year -- of the board of  
4 directors for the year 1993. And we have minutes of  
5 April 1, 1994, and another one -- that is page 116. And  
6 then May 1994, that is page 121. And beyond that, we will  
7 have seven minutes.

8 At this period, I'll just ask you, does it sound  
9 like you didn't have any meetings in the year 1993?

10 MR. HUTTON: I am going to object. I think there  
11 is substantial possibility for confusion of the witness  
12 here. As you'll recall, Your Honor, you didn't require the  
13 company to produce all of its minutes during the time period  
14 in question.

15 JUDGE SIPPEL: Yes, that's true. Well, let's see  
16 if the witness can -- well, I guess you're right. I will  
17 sustain the objection.

18 BY MR. BECHTEL:

19 Q Is it fair to say that throughout the period of --  
20 after October 30, 19 -- strike that.

21 With the exception of the time when again you were  
22 dislodged for a couple of months, apparently in 1997, was  
23 there ever a decision of the board of directors to do  
24 something to which you objected and over your objection?

25 A Well, I have to go back and talk about my style to

1 answer that question, and the style of our board. I have  
2 always been one that tries to avoid confrontation. And if  
3 you can bring a consensus about, that is the way I operate.  
4 If you don't have a consensus, then sometimes it is time to  
5 pull back and rethink the subject.

6 And I can think of many occasions where, whether  
7 it be in a board meeting or in a committee meeting or  
8 individually, where I have pulled back and not pressed  
9 forward on a particular subject because I didn't have a  
10 consensus of the board.

11 Very few decisions have I ever had at a board  
12 meeting where I didn't have consensus ahead of time. I  
13 might have one director that was opposed. But even then, I  
14 tried to be in a situation where they registered their  
15 opposition without rancor.

16 So I can't really think of an occasion where, if  
17 you will, something was either jammed down my throat or  
18 jammed down the throats of the other directors, no.

19 Q Was there ever a time when the board of directors  
20 decided to do something over your objection?

21 MR. HUTTON: Objection, asked and answered.

22 JUDGE SIPPEL: He says it was asked and answered.

23 MR. BECHTEL: Well, it was asked and answered with  
24 a lot of pulling in background. I was going for a straight  
25 answer.

1 JUDGE SIPPEL: I'll permit the question.

2 THE WITNESS: Yes. They fired me. That was over  
3 my serious and strenuous objection.

4 MR. BECHTEL: I'm sorry. I had excepted that from  
5 the previous question. I'll have to except it again.

6 THE WITNESS: Are you asking me then is there  
7 another time, other than that?

8 (Pause.)

9 THE WITNESS: Well, I guess it goes back again to  
10 how -- if in fact you go to the board and you ask for their  
11 approval of a proposal, and they don't give you that  
12 approval, and you have to go back and rethink the  
13 situation --

14 JUDGE SIPPEL: Can you answer the question? Can  
15 you answer it straight up, you know what I mean, right off  
16 the shoulder, yes, no, but?

17 THE WITNESS: Yes.

18 BY MR. BECHTEL:

19 Q I'm going to have to ask you again. What is the  
20 yes answer? Explain the yes answer.

21 A There are many occasions when I have gone to the  
22 board for approval of a proposal, and they had me to rethink  
23 it and go back, or they think that that is the wrong course  
24 of action to take. And I have had to go back and redo and  
25 come back to them with a different proposal.

1 Q I hate to be a pest.

2 A Oh, you love it, Gene. Give me a break.

3 JUDGE SIPPEL: Let's go.

4 BY MR. BECHTEL:

5 Q Was there ever a time when the board voted to do  
6 something over your objection, other than the time when they  
7 removed you as president during your marriage?

8 A Well, I think I have answered that. I told you  
9 there are occasions where they have said no to my proposal.

10 Q No. Please don't repeat the same answer again,  
11 please.

12 A Well, if you are asking is there sometime they  
13 overruled me and gave another course of action, I am not  
14 aware of that, no, if that is what you are looking for.

15 Q I was just looking for evidence that --

16 JUDGE SIPPEL: I can't hear you.

17 THE WITNESS: I can't hear him.

18 MR. BECHTEL: -- ran the company.

19 THE WITNESS: That's a fair statement. The  
20 president generally does.

21 JUDGE SIPPEL: We are talking about the president  
22 of Reading. Now these general answers do not help. I know  
23 that presidents generally run companies. We are talking  
24 about the president of Reading.

25 THE WITNESS: Yes, sir.



1 BY MR. BECHTEL:

2 Q In April of 1992, your interest -- and by your, I  
3 mean Partel, Inc., or you individually -- at approximately  
4 23 percent, was the largest single shareholder, was it not?

5 A Yes.

6 Q In March 1994, your holding was also the largest  
7 stockholding of the company, was it not?

8 A Yes.

9 Q In 1997, the same thing was true, correct?

10 A Yes.

11 Q In 1998, the same thing was true?

12 A Yes.

13 Q In 1999, the same thing was true?

14 A That is correct.

15 JUDGE SIPPEL: I think I am pretty satisfied with  
16 this line, Mr. Bechtel, unless you have something more,  
17 something specific more that you want to add.

18 MR. BECHTEL: I am pretty satisfied with it, too.  
19 There comes a recess, there is one document I want to read.  
20 And if that generates another question, I'll raise it. But  
21 I have concluded my prepared cross-examination.

22 JUDGE SIPPEL: All right. Well, we have another  
23 30 minutes before I would anticipate a break. Let's let  
24 Mr. Shook get his cross started. I am concerned about the  
25 time here. I do want to move this along so that we are out

1 of here very close to noon.

2 We are cutting into Mr. Hutton's cross-examination  
3 preparation time. And I am very much attuned to that. But  
4 from what I am seeing, Mr. Hutton, it can't be helped.

5 I don't think this witness is being very  
6 responsive to questions. I think he is -- well, I have  
7 indicated for the record where I had problems with answers.  
8 But I think that he could have moved it along a little bit  
9 faster. And there is some -- I want to be fair about this,  
10 you know.

11 There was a lot of space between Mr. Bechtel's  
12 questions, too. But I'm very sensitive to the fact that  
13 this is cutting into your preparation time, and I want to  
14 let you know I know that.

15 MR. HUTTON: I understand. But I think in  
16 fairness to the witness, there are a lot of nuances here  
17 that tend to get glossed over in some of the questions.

18 JUDGE SIPPEL: Well, you know, the record is  
19 there. And I am not going to make any advanced judgments on  
20 the record. But I may be foreseeing the record. I am just  
21 saying that I don't think that it is -- I don't think that I  
22 had any choice but to let this examination go to the extent  
23 that it did, and I am telling you why I did. I am very  
24 sensitive to your needs, too.

25 Let's get on with Mr. Shook.

1 THE WITNESS: Mr. Shook, yesterday you asked me a  
2 question. And after I thought about it, I would like to add  
3 to my answer in terms of my past broadcast history, if that  
4 is all right with you.

5 MR. SHOOK: Go ahead.

6 THE WITNESS: I don't want to leave the impression  
7 by any means that my broadcast experience was limited to  
8 what we put forward. I have been involved since 1980 in the  
9 broadcast business.

10 I was a consultant to many different clients. I  
11 had been the managing director of the Caribbean Beacon radio  
12 stations. I was the managing director for a number of  
13 years. I was involved in TV stations in Hawaii, channel 14,  
14 and a lot of other consulting work for various people.

15 None of those, though, really dealt with  
16 day-to-day operations of a TV station, which are the items  
17 that we put forward in terms of my broadcast experience.

18 BY MR. SHOOK:

19 Q In terms of broadcast experience, what I was  
20 focusing on was your role as an officer or a director of an  
21 entity that was involved in television stations.

22 A Then I should include channel 14 in Honolulu,  
23 Hawaii in your list.

24 Q What role did you have there?

25 A I was the -- early in the development, I was the

1     guy who put the investment team together and went out and  
2     applied for the license, and was an officer at various  
3     times, various titles in the corporation.

4           Q     What time frame are we talking about?

5           A     It would have been around the same time as the  
6     Totem Broadcasting, shortly after that time period, within a  
7     year of it. I'm sorry, I don't know the exact dates. But  
8     that would have been back in the early 1980s.

9                     And that station was built by another director and  
10    sold, and that's how it was disposed of. But I was involved  
11    in that station. And I think you identified Mount Baker.

12                    I think that pretty well covers it. If there is  
13    something else that comes up, I'll supplement it to you.  
14    But I thought of those specifically afterward.

15           Q     I am going to be referring to a number of  
16    documents. Most of them are Adams exhibits. To the extent  
17    you don't have them, I am just going to ask Mr. Sifer to  
18    assist in locating documents so that we can move this along.

19                    The first document that I want you to take a look  
20    at is Adams Exhibit 20. And I want you to focus on the  
21    second page of that exhibit.

22           A     Is that in one of the books?

23                    JUDGE SIPPEL: It is the sixth amendment to the  
24    plan.

25                    (Pause)

1 JUDGE SIPPEL: He has got the document, Mr. Shook.

2 THE WITNESS: Yes.

3 BY MR. SHOOK:

4 Q Okay. Under numbered paragraph 1 --

5 A Yes.

6 Q -- there is a reference there to a date, January  
7 20, 1991. Do you see that?

8 A Yes.

9 Q What of any significance took place on or about  
10 January 29, 1991, with respect to the situation of Reading  
11 Broadcasting, Inc.?

12 A Okay. In bankruptcy, you start out by -- I think  
13 yesterday I talked about a business plan. You come up with  
14 a disclosure statement. You send that out to all the  
15 creditors of the corporation. And by class, they are able  
16 to vote on the plan. Assuming that you get the sufficient  
17 number of votes -- and that varies -- I'm sorry, it has been  
18 a number of years -- but by category, and assuming -- I  
19 would say in this case we had unanimous consent. So there  
20 wasn't any negative votes on the plan.

21 You then take that to the judge, and he confirms  
22 the plan. And there is an appeal period after that time,  
23 much like at the FCC. When we get an order, there is a  
24 certain amount of time for appeals.

25 The judge gave his approval of an order of

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1 confirmation, and it became non-appealable and final on  
2 January 20, 1991. That is the only significance to that  
3 date that I am aware of.

4 Q Now with respect to the plan that is referenced  
5 there, could you give us the essence of what that plan was?

6 A Oh, well, it went through a lot of -- if you  
7 notice, this is the fourth amended plan of reorganization.  
8 And I think there were, like, six amendments to that fourth  
9 plan. And it is an extensive document that incorporates  
10 your business plan. There were provisions in it -- I think  
11 if you look through this entire document, there are  
12 provisions of that plan.

13 The restructuring of the loan with Meridian Bank  
14 was a major significant item. It only outlines in the plan  
15 the general -- the generalized provisions of that loan.  
16 Later, I signed two and a half feet of loan documents. So,  
17 I mean, they are much more extensive, but the plan itself  
18 outlines -- much like the legislature passes on a law and  
19 the administrative code then implements it. This is the --  
20 more the legislative end of it.

21 Then there are extensive -- there were extensive  
22 provisions with regard to who would get shares in the new  
23 corporation because there were extensive conversion of debt  
24 to equity.

25 This company went from -- I don't know -- I could

1 be off somewhat. But it went from about \$8 million in debt  
2 to \$2 million by the conversion of debt to equity and the  
3 provisions of the plan where a number of creditors got 10  
4 cents on the dollar over a two-year period with no interest.

5 There were extensive features dealing with each of  
6 those categories. As an example, the investors in another  
7 corporation, STV Reading, Inc., received shares in return  
8 for releasing Reading Broadcasting from any liability.  
9 There were provisions --

10 Q I think I have enough from what you mentioned --

11 A You got the idea.

12 Q -- to go to where I want to go.

13 A Okay.

14 Q In other words, one aspect of the plan was that  
15 people who had been debtors are now going to be shareholders  
16 of Reading. And in January, there is a plan in place that  
17 basically says these are the individuals who are going to be  
18 receiving stock when that stock is actually issued.

19 A You may be correct. But I believe that there were  
20 election provisions. And I don't recall whether those took  
21 place before or after that. It was like they had the choice  
22 of taking 10 cents on the dollar or shares under a formula.  
23 And I think that was fixed in place on January 31st.

24 But I believe -- and again, I am not positive as  
25 to whether that was before or after. But I think after that